

DEFERRED COMPENSATION PLAN

Supplemental Benefit

SUMMER 2021

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DEFERRED COMPENSATION PLAN NEWS

The advantages of "tax-advantaged" saving

Saving now for the life you want tomorrow is smart — but not all kinds of saving are created equal. Saving for retirement through your deferred comp plan has certain benefits that you may not have when trying to save an equivalent amount on your own. The reason: your retirement account offers you a "tax-advantaged" way to save.

Here's what that term means. With traditional pretax contributions, the money you contribute to your account comes out of your paycheck before taxes are calculated and deducted. This could potentially lower the amount you pay in taxes each pay period. It also means that some of the money you would have paid in taxes is instead invested in your chosen investment options. Another way your account is tax-advantaged is that the money you would have paid in taxes each year on any earnings your contributions generate also gets reinvested.

You will eventually have to pay taxes on the money you contribute and any earnings from your pretax contributions — which is typically when you withdraw that money for retirement income. However, you'll probably have years, even decades, in the meantime when that money can work hard behind the scenes to help build up your future retirement income.

If your plan offers Roth contributions, you have another tax-advantaged way to save. Roth contributions come out of your paycheck after taxes are deducted — but you don't pay taxes on qualified withdrawals.

Keep in mind that if you had chosen to save and invest, outside of your plan, you would probably have paid taxes on the amount you invested — and you may have had to pay taxes each year on any earnings from your investments.

Take retirement planning off your list of worries

It's probably no surprise that the COVID-19 pandemic has been a major source of anxiety for people. One source of that anxiety is related to retirement saving. According to a recent survey, 32% of Americans regret saving too little for retirement during the pandemic.¹

The good news is that your deferred comp plan can help you tackle that anxiety head on. It makes saving for retirement automatic with each paycheck — and you can increase the amount you save at any time.

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Take retirement planning off your list of worries (continued)

However, if your circumstances don't allow you to save more right now, you can still do things to improve your control of your retirement finances. You can:

- Review your investment choices to make sure they align with your tolerance for risk, your retirement income goals and your planned retirement date.
- Verify or update your beneficiary designation.
- Check out the online training, calculators and other planning resources on the plan website so you can make informed decisions about your current and future financial situation.
- Schedule a one-on-one conversation with a plan representative to discuss the specific challenges you face and the possible solutions to those challenges.

Even under normal circumstances, life can be stressful enough — but you can reduce at least some of the anxiety you may feel about your retirement by doing a few simple things that help put you in control of your future finances. And taking control can even be good for your health! One study found that having a stronger sense of control over one's life reduced mortality risk by 13%.² In other words, doing something good for your future can also improve your current wellbeing.

1 Retirement Saving Behavior and the Pandemic, October 5, 2020, asppa.org.

2 Feeling In Control Prolongs Life, February 7, 2014, theatlantic.com.

Plan fee change

As announced on March 25, 2021, plan fees will change effective July 1, 2021, in order to provide for stable administration of the plan long term.

The new fee structure works to keep the plan accessible to new participants with lower account balances and reasonable for participants with higher account balances.

The new fees will be reflected on your third quarter statement issued in mid-October.

Fee	Currently	Beginning 7/1/21
Recordkeeping	\$4.95 per month	\$4.65 per month
Plan administration	None	Accounts with a balance of more than \$5,000: <ul style="list-style-type: none">▪ \$1 flat fee per month, plus▪ 0.02% of account value annually, to be withheld on a monthly basis, not to exceed \$50 annually

Investing involves risk, including possible loss of principal.

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